Approved For Release 2000/04/18 : CIA-RDP81B00878R001200070044-9

SECRET

[illegible]
9 of 11
25 January 1963

25X1A

[illegible]: [redacted]

[illegible]: The Procedures Financial Condition of Lycon Manufacturing Corp. (63-3), OM-106)

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1. In furtherance of an informal report made to us on 4th January 1963 by [redacted], DCAA Cost Auditor, regarding the subject matter, a telephone conversation was this date held with [redacted] and the question was asked if his informal advice was initiated to us on the basis that his auditors had found improper allocation of costs in the examination of the books and records of subject company. His response was in the negative. He merely wanted to bring to our attention the fact that this company had over-extended themselves, mainly through under-estimating cost of fixed price business, and accordingly, were not in a position to render financial responsibilities to large contractual undertakings.

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2. [redacted] advised that he currently has Cost Inspectors at this establishment making interim payment reviews on invoices that will be billed against us and he promised to submit a formal narrative report giving the auditor's findings in the very near future.

3. It is suggested that a copy of this memorandum be filed in each contract between this organization and the Lycon Manufacturing Corporation. Upon receipt of the auditor's report setting forth his findings, we will review our position and take action as directed by the Cost Inspector's report.

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[redacted]
Project Controller

Dist: 1 - Addr
2 - [redacted]
3 - Contracting Officer
4 - 9 - Lycon contract files
10 - Reading (Fin)
11 - Chrono

[redacted]

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